

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 FEA-02 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04

USIA-15 PRS-01 DRC-01 /168 W
----- 013610

R 082357Z AUG 74

FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 3838
INFO AMCONSUL BRISBANE
AMCONSUL MELBOURNE
AMCONSUL PERTH
AMCONSUL SYDNEY

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E.O. 11652: N/A

TAGS: EMIN, ENRG, EINV, AS

SUBJECT: MINERALS AND ENERGY PMA BILL PASSES PARLIAMENT

REF: (A) CANBERRA 5092

(B) CANBERRA A-120, MAY 23, 1973

(C) CANBERRA A-97, APRIL 18, 1973

1. AMONG SIX CONTROVERSIAL BILLS PREVIOUSLY REJECTED
BY SENATE WHICH WERE PASSED BY JOINT SITTING OF
PARLIAMENT (REPORTED SEPT 1), THE ONE OF GREATEST
IMPORTANCE TO U.S. INTERESTS ESTABLISHES GOA'S
PETROLEUM AND MINERALS AUTHORITY (PMA). BILL WAS
PASSED AUGUST 7 BY 95 TO 91 VOTE, WITH FORMER LIBERAL
PRIME MINISTER GORTON NOT VOTING, AFTER THREE PREVIOUS
SENATE REJECTIONS. BILL WILL ALMOST CERTAINLY BE
CHALLENGED IN HIGH COURT BOTH ON SUBSTANTIVE GROUNDS
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THAT IT EXCEEDS GOA'S CONSTITUTIONAL AUTHORITY AND

PROCEDURAL GROUNDS THAT REQUIRED PERIOD BETWEEN ITS SECOND REJECTION AND ENACTMENT DID NOT TRANSPIRE (REF A).

2. AS OUTLINED BY MINERALS AND ENERGY MINISTER CONNOR (REF C), PMA IS TO FUNCTION ACTIVELY AS GOA ENTITY IN AREAS PREVIOUSLY THE SOLE PRESERVE OF PRIVATE FIRMS. BILL GIVES AUTHORITY POWER TO ENGAGE IN EXPLORATION, PRODUCTION, TRANSPORTATION AND PROCESSING OF MINERALS AND ENERGY RESOURCES AND TO OPERATE WITH PRIVATE CONCERNS IN VARIOUS RELATIONSHIPS. CONNOR HAS COMPARED PMA TO GOVERNMENT-OWNED PETROLEUM COMPANIES IN OTHER COUNTRIES (INDONESIA, MEXICO, BRAZIL), WHILE OPPOSITION HAS DAMNED IT AS SOCIALISTIC, UNNECESSARY AND WASTEFUL.

3. EMBASSY COMMENT: FOR TWENTY MONTHS SINCE ITS FIRST ELECTION, WHITLAM GOA HAS LARGELY BASED ITS MINERALS AND ENERGY (PARTICULARLY REGARDING PETROLEUM) POLICIES ON ACTIVITIES OF ITS PROPOSED PMA. IMPLACABLE HOSTILITY OF OPPOSITION PARTIES TO THE AUTHORITY AND EXTENDED DELAY IN ITS ESTABLISHMENT HAVE CONTRIBUTED TO GENERAL UNCERTAINTIES IN MINERALS AND ENERGY DEVELOPMENTS. AUSTRALIAN PETROLEUM EXPLORATION ASSOCIATION (APEA), WHICH REPRESENTS PRIVATE INDUSTRY INVOLVED IN OIL AND GAS EXPLORATION, RECENTLY ANNOUNCED IT WOULD CEASE OPPOSING PMA BILL BECAUSE APEA WOULD RATHER SEE AUTHORITY CREATED THAN EXISTING UNCERTAINTIES CONTINUED. ALTHOUGH PMA HAS NOW BEEN OFFICIALLY ESTABLISHED (ITS CHIEF EXECUTIVE WAS NAMED BY CONNOR 14 MONTHS AGO), ALMOST CERTAIN COURT CHALLENGES OF BILL CREATING IT WILL EXTEND UNCERTAINTY UNTIL ITS CONSTITUTIONALITY CAN BE ESTABLISHED. IF HIGH COURT OVERTURNS PMA BILL, WE BELIEVE GOA WILL TRY TO PASS NEW VERSION TAILORED TO MEET COURT'S AND PERHAPS OPPOSITION'S OBJECTIONS. ONE WAY OR ANOTHER, SOME SORT OF PMA WILL PROBABLY EMERGE. HOWEVER, BECAUSE OF WORLD AND LOCAL SCARCITY OF QUALIFIED TALENT AND PRESENT GOA BUDGET STRINGENCIES, LIMITED OFFICIAL USE

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PMA WILL UNDOUBTEDLY PURSUE QUITE LIMITED OBJECTIVES IN ITS EARLY YEARS. INITIALLY, WE EXPECT PMA TO RELY ON ITS POWER TO GRANT OFFSHORE PETROLEUM LEASES (FOR WHICH GOA CLAIMS IT HAS SOLE AUTHORITY, TO ANNOYANCE OF STATE GOVERNMENTS) TO ENTER JOINT EXPLORATION VENTURES WITH OIL COMPANIES. PMA'S CONTRIBUTION TO SUCH EFFORTS WOULD BE LEASES WHILE COMPANIES WOULD PROVIDE CAPITAL AND EXPERTISE, WITH

BOTH SHARING EQUITY (BUT NOT RISK).
HARROP

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